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Report Highlights:

***What ails Bt cotton?*, *WTO talks should address India's concern: Commerce Minister*, *Zero tariffs are counterproductive: EU Commissioner Lamy*, *Hectic political lobbying for duty-free corn imports*, *Kelloggs exits biscuit business in India*, *India's edible oil import seen rising*, *Iraq war to impact Indian wheat exports*.**

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1], IN

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U.S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included in this report. Significant issues will be expanded upon in subsequent reports from this office.

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WHAT AILS BT COTTON?

A US trained geneticist, quoting a report of a recently completed study of certain areas of the state of Madhya Pradesh where the Bt cotton crop wilted at the prime boll setting stage, claims that the crop failure could be attributed to a "genetically controlled physiological disorder". According to this geneticist, the failure of Bt cotton demonstrates that genetic engineering as practiced today might be based on an over-simplified understanding of the molecular biology. Citing various scientific studies, the scientist reiterates that the interplay between the alien gene and the genome of its host transgenic plant is inherently unpredictable, contrary to the claims of the genetic engineers. Based on the above, he questions the genetic engineering industry's claims regarding precision, predictability and safety, and suggests that India should proceed with abundant caution in its applications, placing life before profits. (Source: The Hindu, 03/18/03)

WTO TALKS SHOULD ADDRESS INDIA'S CONCERN: COMMERCE MINISTER

Commerce Minister Arun Jaitley, in his interaction with the visiting EU Trade Commissioner Pascal Lamy, made it clear that India's concerns in the area of market access, including less than full reciprocity in tariff reduction commitments and other special and differential treatment provisions of the developing countries of Doha Agenda, must be addressed upfront in the ongoing round of multilateral trade talks. Outlining India's priorities, Mr. Jaitley said that despite some broad areas of convergence, India had domestic concerns which were dictated by social reality; he cited agriculture, where each product could affect the lives of millions of people dependent on agriculture for their livelihood. Mr. Lamy signaled the EU's willingness to move forward on a number of areas of concern to India, including modalities for market access and textiles. (Source: Business Line, 3/14/03)

ZERO TARIFFS ARE COUNTERPRODUCTIVE: LAMY

In a press interview during his recent visit to India, EU Trade Commissioner Pascal Lamy mentioned that on agriculture both the EU and India have similar concerns. "We both believe that the kind of big push for market access that countries like the US and the Carins group are seeking may not be in our best interest. We both believe that very aggressive market opening is not what we are looking for in the case of agriculture", he stated. Asked how failure to reach an agreement on agriculture by the March 31 deadline will affect negotiations in this area, Mr. Lamy said that it would be disappointing, but that he would not consider it a calamity. (Source: Economic Times. 3/17/03)

HECTIC POLITICAL LOBBYING FOR DUTY-FREE CORN IMPORTS

The "Save Indian Poultry and Livestock Committee" and feed-based associations have been meeting political leaders of various parties to push the case for duty-free corn imports. The National Egg Coordination Committee has already contracted for imports of 20,000 tons of corn in anticipation of duty exemption, which will arrive in India in about 50 days. (Source: Business Line, 3/17/03). *Post Comment:* According to trade sources, no corn imports have been contracted for.

KELLOGGS EXITS BISCUIT BUSINESS IN INDIA

Kelloggs India has withdrawn from its biscuit business. Its brand "Chocos biscuits" was launched in 1998 specifically for the Indian market, with an intention to drive up volumes and reap quick profits for the cereal company. "We have stopped manufacturing biscuits and do not intend to sell them anymore. Our main focus will be on cereals", the Managing Director of Kelloggs India remarked. The fact that Kelloggs decided to venture into biscuits was itself a surprise for industry observers, as biscuits required a different kind of distribution network, and Kelloggs had limited itself to the upmarket outlets with its premium-priced cereals. According to an industry observer, getting volumes was not an issue, but obviously there were no profits. (Source: Business Line, 3/18/03)

INDIA'S EDIBLE OIL IMPORT SEEN RISING

A drop in import demand due to high international prices, despite notwithstanding steep reduction in domestic oilseed output and the consequent substantial drawdown of stocks, has led to lower than expected edible oil imports during October 2002 - February 2003. According to Mr Thomas Mielke of Oil World, the seasonal decline in production of oils and fats during the period April - September 2003 can only be made up by higher imports. Oil World estimates the monthly imports of edible oils at approximately 3.2 million tons during the same period, taking the total imports higher by 0.7 million over the last year's imports of 4.9 million tons. Oil World forecasts that despite the higher imports, the per capita consumption will shrink from 11.9 kg in the last year to 11.5 kg in the current year due to higher prices. (Source: Business Line 03/21/03)

IRAQ WAR TO IMPACT INDIAN WHEAT EXPORTS

The Iraq war is likely to have a major impact on India's wheat exports to West Asia. India has orders for exports of around 600,000 tons of wheat to Iraq, which traders feel will be inordinately delayed. Mr. R.K. Jain, Managing Director, Priyanka Overseas Ltd. stated that if the war is prolonged, his Iraq-bound cargo of 17,850 tons of wheat now stranded in Dubai will have to be sold in Yemen at discounted rates. Mr. Jain's company has contracts to supply 90,000 tons of wheat to Iraq. Another exporter said his cargo of 4,000 tons of wheat was anchored in waters off Dubai port. "If it is going to be a short and swift war, then the impact on commodity trade would be minimal. But if it's a prolonged one, trade, both in-bound and out-bound, could be affected", said Mr. Atul Chaturvedi, President, Adani Exports Ltd. (Source: Business Standard; Business Line, 3/21/03)

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